

# ATTACKING THE TERRORISTS

The first mission in winning the war on terror is to take the fight to the enemy.

The horrific nature of attacks by al-Qaeda and its collaborators is constrained only by the capability of the terrorists weapons and the limits of their dark imaginations. For the first time in history, we face an adversary whose main goal is the killing as many American and other Western civilians as possible.

To prevent future terrorist attacks against the United States and our allies, to restore a sense of stability to world affairs, and deliver justice to the victims of terrorist attacks – the United States must marshal all the assets of national power for the long fight ahead.

To win this war, we must find the enemy and strike him at times and places of our choosing. To fight this type of war requires the production of new capabilities in the Intelligence Community and a revolution in military affairs. We will need the ability to deploy small and stealthy forces that can pinpoint the enemy and deploy instantly around the globe to disrupt and destroy its terrorist network. We must transform the Federal Bureau of Investigation to meet the threats of this new age and require all agencies to share information so we can receive sufficient warning to prevent future attacks. We must disrupt the enemy's line of supply, which is his network of financiers.

And finally, we need to take dramatic steps to strengthen our alliances and form strong relationships with others countries to form an effective global coalition to defeat terrorism.

## IMPROVING INTELLIGENCE

Winning the war on terror will require an unprecedented level of cooperation and coordination between every intelligence agency in the United States government and between the intelligence services of our allies. More than two and a half years after the attacks of September 11<sup>th</sup>, it is clear by all accounts that to accomplish our goal of protecting the homeland and destroying al-Qaeda and like minded groups, great change must take place in the Intelligence Community.

The Congressional Joint Inquiry into Intelligence Community Activities Before and After the Terrorist Attacks of September 11, 2001 (Joint Inquiry) stated the gravity of the situation with great clarity in its final report:

FINDING: Prior to September 11<sup>th</sup>, the Intelligence Community was neither well organized nor equipped, and did not adequately adapt, to meet the challenge posed by global terrorists focused on targets within the domestic United States.

Serious gaps existed between the collection coverage provided by U.S. foreign and U.S. domestic capabilities. The CIA's failure to watch list suspected terrorists reflected a lack of emphasis on a process designed to protect the homeland from terrorist threat. At home, the counterterrorism effort suffered from the lack of an effective domestic intelligence capability.<sup>1</sup>

Despite this unambiguous finding, the structure and organization of the Intelligence Community is essentially the same as it was before September 11. The same problems with intelligence sharing, watchlisting, intelligence collection, and intelligence analysis that were present before September 11 still exist today. We must move faster and stronger to improve the most essential weapon we have in fighting the War on terror: intelligence.

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### Create a Fully Unified Terrorist Watch List

More than two years after September 11, our government still does not have a single database of suspected terrorists for the worldwide use of intelligence officers, federal, state, and local law enforcement, border inspectors, and immigration officials.<sup>2</sup> After shifting responsibility four times over two years, the Administration created the Terrorist Screening Center (TSC), within the FBI, on December 1, 2003,<sup>3</sup> but promptly announced that the Center was only in a "test phase" at that time,<sup>4</sup> and that "initial capabilities of the TSC will be limited."<sup>5</sup> According to the FBI, the TSC will have a database that will contain all the government's terrorist watchlist information by December 2004, but even then, that system will not have the capability to provide real time screening capability to all the homeland security officials who need it.

This means that today, and in the future, people are boarding planes or entering our borders without being checked against the government's entire list of known terrorists. Each additional day of delay endangers the lives of Americans.

*The Administration should ensure that the government, by no later than the end of this year, creates a fully unified terrorist watch list that is electronically accessible by law enforcement, border agents, and consular officers so they can be advised in real time whether individuals are known or suspected terrorists.*

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## **Coordinate the Agencies of the Intelligence Community by Creating the Post of Director for National Intelligence**

Since the national security re-organization of 1947, the Director of Central Intelligence (DCI) has been responsible for coordinating the Intelligence Community. The DCI has also always been simultaneously head of the Central Intelligence Agency (CIA). In reality though, the DCI exerts little control over other intelligence agencies.

For example, in December 1998, the DCI raised the status of the al-Qaeda threat when he announced in writing, “We are at war (with Bin Laden). I want no resources or people spared in this effort, either inside the CIA or the Intelligence Community.” The Joint Inquiry found however that, “the Intelligence Community as a whole had only a limited awareness of this declaration.” The Assistant Director of the FBI’s Counterterrorism Division at the time testified to the Joint Inquiry that he “was not specifically aware of that declaration of war.”

To ensure that the Intelligence Community receives clear and consistent direction, Congress should create the post of “Director of National Intelligence” (DNI),<sup>6</sup> as envisioned in legislation introduced on April 1, 2004 by all Democratic members of the House Intelligence Committee.<sup>7</sup> The DNI would integrate the full spectrum of intelligence-related functions both at home and abroad with respect to counterterrorism. This would include the CIA, the Defense Intelligence Agency (DIA), the military services’ intelligence agencies, the FBI, and intelligence components of the Department of Homeland Security (DHS).<sup>8</sup>

*The Director of National Intelligence should be the President’s principal advisor on intelligence and have the full range of management, budgetary and personnel responsibilities needed to make the entire U.S. Intelligence Community operate as a coherent whole. No person should be permitted to serve as both the DNI and head of any other agency at the same time.*

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## **Improve Human Intelligence Capabilities**

Acquiring information about the composition, location, capabilities, plans, and intentions of terrorist organizations is an enormous challenge for intelligence agencies.

Effective counterterrorism operations depend, in part, on effective human intelligence (HUMINT), acquired through the use of spies and informers.<sup>9</sup> The lack of human intelligence assets has been a serious deficiency in the war against al-Qaeda and other terrorist groups.

The Joint Inquiry found that “Prior to September 11<sup>th</sup>, 2001, the Intelligence Community did not effectively develop and use human sources to penetrate al-Qaeda. This lack of reliable and knowledgeable human sources significantly limited the Community’s ability to acquire intelligence that could be acted upon before the September 11 attacks.”<sup>10</sup> The U.S. Commission for National Security in the 21<sup>st</sup> Century said, “The intelligence community should emphasize the recruitment of human intelligence sources on terrorism as one of its highest priorities.”<sup>11</sup>

A renewed commitment to HUMINT will involve a willingness to accept the risks of dangerous missions, and likely ties to disreputable individuals who may be in positions to provide valuable information. These are risks we must take to infiltrate and defeat al-Qaeda. This commitment to human intelligence will also require a move toward greater reliance on non-traditional

methods and techniques. This would include, in part, the expanded use of non-official cover personnel who are removed from the protection of American embassies that would be available if the agents had cover as a U.S. government official.<sup>12</sup>

*All agencies involved in collecting HUMINT against al-Qaeda and other counterterrorism targets should be provided with sufficient incentives and large increases in resources to improve HUMINT collection in order to carry out more effective surveillance, infiltration, and disruption of terrorist networks.*

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## **Integrate Intelligence**

The Intelligence Community collects a vast amount of information from a variety of sources using methods that run the gamut from low-tech clandestine meetings to high-tech satellites. Gathering, integrating, and analyzing intelligence in an effective manner is critical to maintaining a close watch on suspected terrorists at home and abroad. Too often, however, intelligence collected from different sources is not merged together to allow collectors and analysts to build a comprehensive picture of how our enemies intend to strike us. The Intelligence Community needs to find a way to leverage all of its resources to help fight the war on terror.

Congress attempted to address this problem by creating a specialized intelligence fusion and analysis section within the new Department of Homeland Security (DHS) called the Directorate of Information Analysis and Infrastructure Protection (IAIP). But the President clouded the mission of IAIP by announcing during the 2003 State of the Union address that he was creating, under the auspices of the CIA, a new Terrorist Threat Integration Center (TTIC).

Public testimony by Administration officials confirms the continuing difficulties of inter-agency coordination of intelligence. Testifying before the House Select Committee on Homeland Security Committee in February 2004, TTIC Director John Brennan admitted that integrating information from fourteen different agencies' information systems across the government is presenting "a series of challenges." The confusing reality of overlapping jurisdiction among multiple governmental organizations involved in protecting the homeland – TTIC, the CIA's Counter Terrorism Center, DHS's Directorate of IAIP, the FBI's Terrorist Screening Center, and the FBI's Counterterrorism Division – reduces our faith that a workable system for assessing and identifying threats is being developed and refined.

In addition, serious staffing shortages are reducing the important new intelligence role of the Department of Homeland Security. While Congress has approved 692 employees for IAIP for fiscal year 2004, fewer than 300 had been hired as of February 11, 2004. As of late 2003, DHS had assigned only five full time analysts to TTIC of the 35 projected to be necessary.

*Within a year, the Intelligence Community should present a plan to the Director of National Intelligence that provides solutions to overcome current technological and organizational challenges that hinder the full integration of all forms of intelligence. In particular, the Administration should take action to hire the personnel necessary to fully staff IAIP and TTIC and fulfill their diverse duties.*

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## **Promote “Jointness” Within the Intelligence Community**

The attacks of September 11<sup>th</sup> painfully exposed the lack of communication and coordination between the major agencies of the Intelligence Community. Congress should enact legislation modeled on the Goldwater-Nichols Act that would instill the concept of “jointness” in the Intelligence Community.<sup>13</sup>

*The Director of National Intelligence should require “joint tours” for intelligence and appropriate law enforcement personnel to broaden their experience and bridge organizational and cultural divides through service in other agencies. Joint tours would include service at Intelligence Agencies and in those agencies that are consumers of intelligence products.*

*The DNI should also require Intelligence Community agencies to participate in joint exercises. Personnel should be rewarded for joint service with career advancement credit, such as incentive pay and fast track promotion potential, especially for officers agreeing to serve at TTIC. TTIC needs to be highlighted as a premier posting, not an assignment likely to delay career advancement.*

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## **Increase the Language Skills of Intelligence Analysts and Case Officers**

One of the greatest national security assets that the United States has is technology. Our ability to intercept communication at every level is limited only by the speed of our technological innovations. There is, however, a huge gap between our ability to collect information and our ability to process and understand it.

The National Security Agency (NSA) has stated that only 30 percent of its language personnel working in counterterrorism have a working knowledge of “campaign languages” such as Arabic.<sup>14</sup> According to the Chief of the FBI’s Language Services Division, prior to September 11<sup>th</sup>, 35 percent of the Arabic language materials collected were not reviewed or translated as a result of the translation backlog at the FBI. That backlog was projected to increase to 41 percent by 2003. The Director of the CIA Language School testified that the CIA’s Directorate of Operations is not fully prepared to fight a world wide war on terror and at the same time carry out its traditional agent recruitment and intelligence collection mission.<sup>15</sup>

*Intelligence agencies must increase the number of employees who are fluent in the “campaign languages” to the point where 100 percent of all information collected can be processed on a real-time basis.*

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## **Promote International Intelligence Cooperation**

International cooperation between intelligence agencies is essential to winning the war on terror. Regardless of how strong and capable a military we have, or how effective our own intelligence services are, we will always require on the ground cooperation of local intelligence services.

*The Director of National Intelligence should place as one of the highest priorities of the Intelligence Community the establishment of new and strengthening of ex-*

*isting relationships between U.S. intelligence agencies and those of other nations. Joint training and exchanges should be encouraged to solidify and expand these critical relationships.*

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## **TRANSFORMING THE MILITARY: GLOBAL REACH, GLOBAL STRIKE**

**T**he United States has the most efficient and lethal fighting force in the history of the world. Yet the bulk of our armed forces have been designed for the conflicts of the 20<sup>th</sup> century— large set piece actions involving state-to-state conflict in which one nation's military confronts that of an adversary.

At the dawn of the 21<sup>st</sup> century, the United States faces a new kind of threat to our national security — non-state actors who stealthily cross borders, find refuge and support from civilian populations, and target civilians in hit-and-run and suicide missions. In an age when the likes of al-Qaeda can inflict more casualties on the United States in one strike than the Imperial Japanese military did at Pearl Harbor, and is constantly looking to acquire even greater destructive power in the form of powerful weapons of mass destruction, it is imperative that the capabilities of our military forces match the main threat to our national security.

No longer are nation states the sole participants in, or originators of, military conflict and no longer is the destruction of traditional military forces the sole object of our adversaries' effort. Some military scholars call this emerging threat "fourth generation warfare." On these battlefields of the future, large, technologically-advanced, "heavy" military formations may play a supporting role to smaller, more agile, and sometimes covert special operations forces working in conjunction with a host of interagency actors, including intelligence and law enforcement personnel. Future wars are likely to be extremely complex, low intensity conflicts transcending national borders whose effects will expand beyond the range of "traditional" military targets into large parts of civil society. With the rise of al-Qaeda and affiliated groups and the continued insurgencies in Afghanistan and Iraq, we can see that a new generation of warfare has arrived.

The capabilities required to prevail in these conflicts require joint forces that are able to deploy rapidly, be employed immediately and prevail decisively in expeditionary roles.<sup>16</sup> We must therefore design major elements of our military forces to be prepared for the conflicts of the 21<sup>st</sup> century by adopting a structure that allows for global reach and global strike.

Global reach, global strike is an approach to force structure that advocates agile and precise new weaponry, based primarily on U.S. soil and other secure garrisons, able to deploy and then employ firepower decisively within days anywhere in the world.<sup>17</sup> Restructuring the U.S. military to achieve the goals of global reach, global strike means a major increase in our airlift capability and adopting the latest technology of "military transformation."

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### **Accelerate the Pace of Military Transformation**

The process of transformation entails new technologies (war fighting systems), new operational concepts (network centric warfare) and new organizational structures, such as Special Forces and joint operations. The broad aim of transformation is to develop joint, network centric, distributed forces capable of rapid decision superiority with overwhelming firepower across the battlefield.<sup>18</sup>

The Quadrennial Defense Review issued by the Secretary of Defense in 2001 issued a list of the key characteristics of a security environment that require military transformation, which included:

- diminished protection of geographic distance
- proliferation of weapons of mass destruction
- increasing challenges from weak/failing states
- more operations in urban areas

This is our strategic environment today- and so the U.S. military must embrace military transformation to meet these new challenges.

The process of transformation entails the development of new technologies, such as intelligence, surveillance, and reconnaissance (ISR) assets, new operational concepts, such as network centric warfare, and new organizational structures, such as Standing Joint Task Force Headquarters. The fielding of new technologies is partially a function of funding levels, but even after funding is established, it is still dependent on the pace of scientific research and development.

Operational concepts and organizational changes, however, are the product of leadership and, as such, can be started today to help bring transformational capabilities to U.S. forces. The quintessential example is the Special Operations soldier on horseback calling for precision effects delivered by stealth aircraft launched from half a world away.

Currently, the Defense Department spends 17% of its procurement budget on transformational programs. We must move faster.

*The United States should double its commitment to military transformation by providing incentives to those who are part of joint operations and ensure that within the next ten years- up to of 35 percent of the Defense Department's acquisitions are for transformational programs.*

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## **Support the Transformation of Land Forces**

After assessing the changing threat environment, the Chief of Staff of the Army stated that the Army had to transform to meet the challenge of the rise of transnational terrorist groups and subnational groups in failed states.<sup>19</sup> The current ten division format is a legacy of the Cold War strategic environment. The Army wants to create a rapidly deployable, early-entry combat force that is lethal, survivable, and capable of operating in all types of military operations from small scale contingencies to a major theater of war. As an early entry force, these smaller brigade sized units are expected to have built-in combat power to conduct immediate combat operations upon arrival in theater. This new emphasis on smaller, faster and stronger forces should be supported.

*The Secretary of Defense should improve the readiness, training and deployment ability of Army forces by supporting, consistent with the U.S. Army's goals- a new force structure of 48 brigades. By upgrading airlift capability with new C-17's and C-5's, U.S. Army forces should be fully operational and able to project American power anywhere in the world within ten days.*

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## **Boost Naval Transformation**

New concepts for the use of naval power have already been used successfully in the Kosovo conflict and, in particular, Operation Enduring Freedom in Afghanistan. For Operation Enduring Freedom, the U.S. Navy provided close-in launch platforms for delivering ordnance to targets using real-time information and serving as jumping-off points for Marine units to drop onto al-Qaeda and Taliban targets at times and places of our choosing. Further transformation of the Navy will strengthen the ability of the United States to project power anywhere in the world and launch joint military operations in a timely fashion and hit targets of opportunity. The Littoral Support Craft-Experimental, or the “X-Craft” – a fast, small aluminum catamaran that can serve as a weapons or SEAL platoon-launching platform – is an example of a new weapons system that can bring U.S. forces closer to shore-based terrorist sanctuaries.

*The Navy should also accelerate its transformation with its “Sea Power 21” concept that consists of three main elements- Sea Strike, Sea Shield and Sea Basing:*

- *Sea Strike- projecting offensive power from the sea in support of joint operations. This involves time sensitive strikes carried out using real-time intelligence linked to precision weapons. Sea Strike allows Marines to strike over the horizon at deep inland objectives without having to establish a beachhead;*
- *Sea Shield- using naval assets to provide a defensive umbrella to assure allies and protect the homeland with systems like updated Aegis cruisers; and*
- *Sea Basing- creating at sea accessible cargo on pre-positioning ships that greatly reduces the need for foreign seaports. It explores the idea of flying crews home for their rotations to keep combat power in the field.*

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## **Promote Air Force Transformation**

For over fifty years, the United States Air Force has maintained unquestioned air supremacy and provided direct support for our troops in every conflict from the Korean War to Gulf War II. When transforming the armed forces, our goal in regard to the Air Force should be to maintain a force structure that can achieve air supremacy in any potential theater in the world while enhancing their ability to provide real time surveillance and close in support to covert and special forces units that can be expected to lead operations in the war on terror. The Air Force has taken steps to transform its approach to future air warfare, to include experimentation with unmanned aerial vehicles and a greater reliance on precision strike methods and ordnance.

*The Air Force should be encouraged to continue its transformation by acquiring more unmanned aerial vehicles for combat such as the Predator and Predator B, improving GPS precision guided munitions, more rapidly deploying stealth technology on aircraft, supporting and improving the Multi-Mission Command and Control Aircraft (M2C2A), and increasing airlift capacity to meet the needs of a global reach, global strike military.*

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## **Create a Joint Defense National Training Center**

In the 1983 conflict in Grenada, coordination between the services was so irregular that Army units had to use pay phones to communicate with the Navy and Marines. Great progress has been made since then in moving the U.S. military toward conducting “joint” operations in which the services integrate their war fighting capabilities for maximum advantage on the battlefield. In an age where Navy Seals operate in the mountains of Afghanistan supported by Army mountain units and can call in air strikes from the Air Force- “joint operations” are more important than ever.

*The Secretary of Defense should strengthen and expand the efforts of the Joint Forces Command in Norfolk, VA and create a permanent “Joint Defense-wide National Training Center” at which the development of doctrine will evolve out of continuous exercises and information sharing.*

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## **Increase the U.S. Army Endstrength by 60,000**

America is fortunate that so many men and women have dedicated their lives to providing for our security. Their sacrifices are inspiring, but their ability to continue to sacrifice is finite. All the Services are stretched, but the nature of the war on terror has shown that the Army is particularly burdened. The Army has recognized that current authorized force levels are insufficient to meet the demands of the war on terror and other operations and has instituted emergency measures to man the force at an elevated level. While the war on terror is a fairly recent phenomenon, the operations tempo has been accelerated for some time and is unlikely to recede in the future.

*The United States Army should increase its manpower by 60,000 in order to create new units for the demands of the war on terror and to meet existing, more conventional threats. Particular emphasis should be placed on strengthening the Special Forces and stability operations units. Stability Operations troops include soldiers specially trained for the aftermath of war such as military police, civil affairs and engineers.*

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## ENHANCING SPECIAL FORCES

**T**he war on terror is a different kind of war requiring a different kind of military. U.S. forces must be characterized by stealth, speed, range, accuracy, sustainability, reliability, and be supported by superior intelligence to deal effectively with the spectrum of threats we face beginning with al-Qaeda.<sup>20</sup>

For generations, the U.S. military has defended the interests of America and our allies by employing large land based armies, squadrons of bombers and fleets of ships. While maintaining security around the globe still requires traditional military force mixes, winning the war on terror requires a new force mix.

Special Operations Forces are small, elite military units with special training and equipment that can infiltrate hostile territory through land, sea and air to conduct a variety of operations, many of them classified. Special Forces personnel undergo rigorous selection and lengthy specialized training. U.S. Special Forces units currently total roughly 47,000 active and reserve personnel in the Army, Navy, and Air Force, or about 2 percent of all U.S. active and reserve forces.<sup>21</sup>

In the past, Special Operations Forces have been largely seen as an adjunct to traditional large-scale military operations or as a tool for small-scale operations in exceptional circumstances. In the war on terror, they will be required to operate on their own, on a continuing basis, in small groups and even as individual soldiers.<sup>22</sup>

Al-Qaeda is actually a loose network of terrorist cells made up of what could at best be called “irregular” forces. They hide in caves and caverns, and work in corners of crowded neighborhoods from Morocco to Munich.

Finding and destroying al-Qaeda’s thousands of fighters is difficult work for the U.S. military’s traditional forces, which are not ideally suited for ferreting out the terrorists. In addition, we must be careful in employing our vast firepower to avoid projecting an overbearing and destructive presence in areas of the world already alienated from the United States.

The forces we use to hunt and destroy terrorist cells and individuals must be small, light forces who have received years of special training in counterterrorism operations and are accustomed to fighting and prevailing in all environments, in all corners of the globe. The men and women of the U.S. Special Forces must lead the charge in the war on terror. The U.S. Government must do all it can to strengthen and support the Special Forces in this mission.

Currently, large elements of the U.S. Special Forces are necessarily in Iraq, and others are on training missions across the globe. A strengthened Special Forces will allow for a greater effort to find and apprehend or destroy Osama Bin Laden and his chief lieutenants. The message to terrorists must be clear: “You can run, but you can’t hide.”

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### **Double U.S. Special Forces to 100,000 Troops**

The Administration proposed increasing the total number of U.S. Special Operations Forces personnel by 2,653 in fiscal year 2004. Most of the new personnel are to be used as planners.<sup>23</sup> This increase is insufficient at a time when terrorists continue to threaten America and Special Operations Forces are being called on to take on new missions in every part of the globe.

*The United States should commit to doubling the number of special operations and special operations-capable forces and increase the total to 100,000 troops over the next ten years.*

*This goal can be reached by increasing core Special Operations Forces by 25,000 troops and intensifying the training and strengthening the capabilities of 25,000 U.S. Marines to make them special forces-capable. Elements of this strengthened force could include:*

- *Five new SEAL teams and associated support elements*
- *Six new Army Special Forces Battalion equivalents*
- *Increased Dedicated Aircraft Capability to Deploy SOF*
- *Deployment of the "Next Generation Gunship" to replace AC-130's*
- *Increase civil affairs, psychological operations and instructor personnel*
- *Shift to four-month, instead of six-month, deployment schedule*
- *Increase Military-to-Military Training Exercises with U.S. Allies*

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## **Create NATO Special Forces Units**

After the September 11 attacks, the 19 nations that made up the North Atlantic Treaty Organization (NATO) invoked Article V of the NATO charter. This put into action the NATO collective security pledge of "one for all and all for one." By invoking Article V, NATO committed itself to the fight against al-Qaeda. The United States can use this as an opportunity to rebuild our alliances with our European allies and Turkey, while increasing our fire power against al-Qaeda and preparing ourselves for future such threats.

*The United States should take the lead in proposing "NATO Special Forces Units," which would consist of upwards of five Battalions (units made up of 800 troops), comprised of forces from all NATO states. NATO Special Forces Units would receive the best training and equipment in the Alliance and be ready for instant deployment worldwide.*

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## **Form Joint Commando Forces with Arab and Muslim Nations**

*The United States should seek to form joint commando forces with key partners to pursue al-Qaeda and search for Osama Bin Laden. Ideally, partners would include countries such as Turkey, Pakistan, Indonesia, Morocco, Saudi Arabia, Jordan and Egypt to the extent that host governments permit such activities. High level military-to-military exchanges, training, and joint exercises should also be pursued to solidify key alliances in the war on terror.*

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## **Strengthen CIA Special Activities**

During the run up to the U.S.-led war in Afghanistan, there were some who warned of a protracted conflict that would bog down tens of thousands of U.S. troops. Instead, the CIA took the lead in planning a different kind of conflict that utilized a mix of U.S. Special Forces and CIA personnel, supported by air power, working with local militias. The Special Activities Division of the CIA demonstrated the kind of flexibility, imagination, and speed that will be necessary in the long-term fight against terrorist networks.

*The Special Activities Division of the CIA should be strengthened and given the resources necessary to develop special "terrorist hunter" teams. These teams would integrate Special Operations Forces and host nation intelligence officers and CIA operatives. These units would be created and deployed wherever key terrorist groups and cells are located.*

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# TRANSFORMING THE FBI TO HANDLE COUNTERTERRORISM MISSION

**T**he FBI has traditionally been tasked with the dual missions of law enforcement operations and domestic intelligence collection. The FBI's law enforcement culture, which centers on building a case that can stand up under the rules of criminal procedure, has disadvantages when it comes to collecting and analyzing intelligence that can be used to prevent a terrorist attack. As stated in a report by the Markle Foundation Task Force, "the types of crimes the United States faces from terrorists are too lethal to be treated as a traditional law enforcement issue."<sup>24</sup>

The FBI's traditional reliance on an aggressive, case-oriented law enforcement approach did not encourage the broader collection and analysis efforts that are critical to the intelligence mission."<sup>25</sup> As the Joint Inquiry concluded, "[t]he FBI was unable to identify and monitor effectively the extent of activity by al-Qaeda operating in the United States."<sup>26</sup> Moreover, this embedded law enforcement culture prevented the FBI from sharing domestic law enforcement information with other federal agencies – a requirement for an effective domestic counterterrorism program. As National Security Adviser Condoleezza Rice stated before the National Commission on Terrorist Attacks Upon the United States (the "9/11 Commission"), "if anything might have helped stop 9/11 it would have been better information about threats inside the United States, something made very difficult by structural and legal impediments that prevented the collection and sharing of information by our law enforcement and intelligence agencies."<sup>27</sup>

Finding and destroying terrorist operatives and cells within the United States is going to require a talented and targeted domestic intelligence capability, a strong federal law enforcement agency, and a new level of knowledge and information sharing at the local law enforcement level to ensure that we are doing everything possible to accomplish this mission.

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## Speed Pace of FBI Reforms

Instead of maintaining a case-oriented law enforcement approach toward major crime figures, the FBI must adopt an entirely new mindset aimed at successfully penetrating stealthy domestic terrorist groups to prevent terrorist attacks. This sea change in operational tactics, strategy and attitude is slow in developing.

One former senior official summarizes the point, "It's one thing to recruit Tony Soprano, yet quite another to recruit an al-Qaeda operative."<sup>28</sup> Already, it is apparent that the FBI will have to overcome delays in implementing new intelligence programs and cost overruns before real progress is made against U.S.-based terrorist cells.

Intelligence functions aimed at reducing the threat of domestic terrorism must be paramount in driving the FBI's mission. However, the means for accomplishing this task – focusing on collection and analysis efforts against the greatest potential threats instead of relying on methods of "disseminating interesting items from a river of intelligence" – are lacking at the Bureau.<sup>29</sup>

The vast majority of FBI confidential intelligence sources have not been appropriately vetted in order to assess their validity and credibility and serious doubts exist about the ability to disseminate relevant intelligence information to state and local officials in a timely manner.<sup>30</sup> The

fact that few Special Agents in Charge of field offices have extensive national security experience also undermines efforts to institute the comprehensive reforms required. To his credit, FBI Director Robert Mueller has tried to centralize FBI Headquarters control over counterterrorism and counterintelligence cases, but results from this new approach are mixed to date.

The problem is the existence of an ingrained cultural bias at the FBI that relies on reactive law enforcement practices instead of implementing preemptive actions to thwart terrorist actions. The FBI's lack of expertise in understanding how to drive intelligence collection based on focused, directed, analytically-based requirements will raise doubts that the FBI is capable of transforming itself, either in the near or long-term.<sup>31</sup>

*Special Agents in Charge (SACs) of Bureau field offices should be required to have experience in intelligence gathering and sufficient knowledge of intelligence matters to precisely focus analysis and collection against the terrorist target. In addition, a system for properly vetting intelligence sources must be initiated without delay.*

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## **Improve Information Sharing**

The inability of the FBI's Counterterrorism Division and CIA's Counter Terrorism Center to work effectively together was a critical pre-9/11 failure. Two terrorists who were on the airplane that struck the Pentagon, Khalid Almihdhar and Nawaf Alhazmi, were the focus of the FBI, CIA, and the National Security Agency beginning in 1999, but the lack of regular communications among these agencies about the threat posed by these two confirms the bureaucratic inertia that contributed to the September 11 attacks. Many of the legal barriers to information sharing have been removed by the USA Patriot Act, but the cultural practices of agencies, as well as technological restraints, continue to inhibit effective information sharing. In addition, numerous new organizations have been created or re-structured since September 11: the Terrorist Threat Integration Center, the Terrorist Screening Center, the Department of Homeland Security's Office of Information Analysis, the Joint Intelligence Coordinating Council, the FBI's Executive Assistant Director for Intelligence, and the FBI's Office of Intelligence, to name a few. Defining the roles of these organizations and ensuring coordination among them continues to present a challenge.

*Provisions of the USA Patriot Act that removed barriers to information sharing among federal agencies should be extended after careful review by the Congress. Strong oversight over homeland security intelligence must be conducted to ensure that new bureaucratic structures are resulting in genuine improvements in intelligence sharing. The respective missions of organizations with responsibilities for counterterrorism intelligence collection, analysis, and operations must be clearly defined and carefully coordinated.*

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## **Share Information with Local Law Enforcement**

Two major missions must be undertaken simultaneously to ensure that we are taking advantage of our tens of thousands of local law enforcement officials to prevent terrorist attacks in the homeland. Information must flow down from the federal government to the local level and information must flow up from the local level. Today, state and local law enforcement officials have not been granted the security clearances they need, receive scattered and sometimes conflict-

ing information from the federal government, and lack the best information technology and interoperable communication equipment available.

*The Department of Homeland Security and the FBI, which are both currently responsible for communicating with state and local law enforcement officials, must establish a mechanism and delineate responsibilities for sharing information.*

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### **Hire Additional Agents for Counterterrorism**

At this point in our history, the FBI needs to be more focused than ever on the massive responsibilities of both counterterrorism and federal law enforcement. The FBI's traditional responsibilities should not be shortchanged, not only because they are important in their own right, but because actions such as investigating money laundering schemes, identification fraud, smuggling, and wire fraud will contribute to the counterterrorism mission. The Bureau will need a dramatic increase in its resources to carry out these important missions.

*The FBI should increase the number of its field agents by 50% over the next ten years and receive the resources to effectively deploy them in the field. This means approximately 550 new agents each year.*

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## CUTTING OFF TERRORIST FINANCING

Unlike other terrorist leaders, Osama Bin Laden did not begin his career as a military leader, a religious authority, or an obvious representative of the downtrodden. He is a rich financier who built al-Qaeda's financial network from the foundation of a system originally designed to channel resources to the *mujahadeen* fighting the Soviets in Afghanistan.<sup>32</sup> He secured significant funding for al-Qaeda and put in place a complex structure to provide funding to regional and local groups aligned with the terrorist network.

Al-Qaeda's global fundraising network is built upon a foundation of charities, non-governmental organizations, mosques, websites, intermediaries, banks, and other financial institutions. It runs businesses operating under the cloak of legitimacy, as well as criminal conspiracies ranging from petty theft to diamond smuggling.<sup>33</sup> It also draws funds and support from a number of wealthy sympathizers in the Middle East and elsewhere.

In addition to its criminal conspiracies, al-Qaeda cynically manipulates traditional Muslim institutions for their own financial benefit. A religious obligation of Muslims to donate 2.5 percent of their income to charities (called *zakat*) has been twisted by some local leaders into an outlet of contributions to al-Qaeda. In many communities, the *zakat* is often provided in cash to prominent, trusted community leaders who then donate the funds to individuals they deem worthy.<sup>34</sup>

Al-Qaeda also makes use of the ancient *hawala*, or underground money transfer system, widely used in the Middle East. It operates on countless street corners and is a cash business that leaves behind few, if any, records for use by investigators following money trails.<sup>35</sup>

For years, authorities in the Middle East, and elsewhere, have turned a blind eye to the construction of the al-Qaeda fundraising network. Individuals and charities based in Saudi Arabia have been the most important source of funds for Al-Qaeda, which has also taken advantage of the regional banking centers of the Middle East (UAE, Kuwait, Bahrain) that have over the years generally ignored the repeated calls of the international community to build anti-money laundering regimes consistent with international standards.<sup>36</sup> It has used these banks to mask transactions and gain access to the international banking community. From this base, it has extended its reach into South and Southeast Asia, and into some of the major banking capitals of the world.

After the September 11 attacks, the U.S. government took a series of actions to disrupt terrorist financing networks. The USA Patriot Act contains sections on international money laundering that were designed to prevent terrorists and their supporters from using the U.S. financial system anonymously to move funds obtained from, or destined for, illegal activity.<sup>37</sup>

The President issued Executive Order 13224, which froze "all property and interests in property" of certain designated terrorists and individuals supporting them. International action was taken through a series of United Nations Security Council Resolutions that directed all countries to freeze without delay any funds or other financial assets and economic resources belonging to these individuals and groups, and to cut off all transactions to, or for, their benefit.

Within weeks of the attack, the United States and our allies around the world located and froze the accounts of some 300 individuals and entities linked to al-Qaeda, Osama Bin Laden, and the Taliban. Over \$120 million of al-Qaeda funds had been reported frozen as of late last year, with experts concluding that al-Qaeda's financial network had been "disrupted."<sup>38</sup>

Al-Qaeda, however, still has access to ample funding from its own hidden investments and from an extensive worldwide network of non-governmental organizations and charity front operations. There is a great need for increased pressure on al-Qaeda's financial network, for the funds continue to flow. While al-Qaeda's total budget is a mystery, a United Nations Monitoring Group report estimates that wealthy individual donors contribute up to \$16 million annually. The vast bulk of Al-Qaeda assets that were frozen were seized in the first three months after September 11. Asset seizures have been slow since then. Reinvigorating the effort will require broader and much better coordinated international efforts. It is time for a renewed effort to disrupt terrorist financing networks around the globe.

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### **Create an International Financial Anti-Terrorism Center (IFAC)**

Stopping the flow of funds to terrorists is a classic example of the importance of building alliances to win the war on terror. Although almost 170 nations have blocking orders in force, only four countries, including the United States, account for about two-thirds of the blocked \$121 million of al-Qaeda funds.<sup>39</sup>

*The United States should lead an effort by the nations of the Organisation of Economic Co-Operation and Development (OECD) to establish a specialized international organization dedicated solely to combating terrorist financing in a renewed effort to disrupt international terrorist financing networks.*

*This organization's activities should include intelligence, information sharing, and forensic banking investigations. An International Financial Anti-Terrorism Center (IFAC) should establish and maintain a database to which suspicious transaction reports could be referred or verified by the international banking community.*

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### **Establish Financial Standards for Charities and NGOs**

*The IFAC should establish strong international standards on how governments regulate charitable organizations and their fundraising. The IFAC would also develop a "white list" of international charities and financial institutions that commit to the highest due diligence and anti-money laundering procedures.*

*Requirements should be imposed to assure that, to the greatest extent possible, charities route their transactions through established banking systems. In such cases, the recipient organization should be required to maintain a bank account and to transact business through verifiable means, such as checks and electronic transfers.*

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### **Forge International Partnerships**

While most countries have responded positively to the United Nations resolutions and the measures they imposed against al-Qaeda, several have been lax in implementing them.

*The United States should reach bilateral agreements with the critical countries where al-Qaeda has established sources of funding, or which serve as key transit points for movement of such funds. Special attention should be paid to Pakistan, Malaysia, Indonesia, the Philippines, Saudi Arabia, and other Persian Gulf States. This support should include U.S. investigative assistance, particularly in the areas of financial investigations and forensic banking. The U.S. should seek the support of the World Bank and United Nations in this effort.*

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## **Register Hawala Brokers**

*Hawala*, and similar informal financial transfer mechanisms, play an important role in the transfer of money from developed countries to lesser developed countries. In 2001, *hawala*-like international transfers amounted to an estimated \$80 billion. It is important that the international community attempt to control this process in order to prevent al-Qaeda and other criminal and terrorist groups from using these systems to circumvent anti-terrorism and money laundering rules. This will require a broad international effort to develop appropriate rules and standards to regularize this activity.

According to one report, as of mid-2002, only about 10,000 of an estimated 250,000 money service businesses in the United States were registered under post-9/11 regulations. U.S. enforcement measures have been extremely modest.<sup>40</sup> There is currently no plan to coordinate federal, state, and local law enforcement efforts to identify, monitor and prosecute unregistered *hawaladars*.<sup>41</sup>

*The Treasury Department, working with the Department of Homeland Security's Bureau of Immigration and Customs Enforcement, should take the lead in developing a national plan to ensure the registration and lawful operation of hawaladars in the United States. A force of at least 100 new agents should be assigned solely to this mission.*

*The United States should press the World Bank and other international agencies to establish working groups to develop international standards for registering and regulating hawala operations.*

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## **Increase U.S. Assistance For International Action**

With the tightening of banking controls in Europe, North America and several banking centers in Asia and the Middle East, al-Qaeda has sought to move its financial activities and assets to other jurisdictions that lack the ability to deal with them. We must assure that all countries willing to participate in programs that track terrorist financing have the means to do so.

Tracking down the sources of terrorist financing, to be effective, requires the cooperation of informed and dedicated financial and law enforcement personnel across the globe. Technical assistance programs in problem countries assist in the creation of effective regulatory, enforcement, and control regimes for financial institutions and charitable organizations. The President's fiscal year 2005 budget included only \$8.5 million for the Treasury Department's Office of Technical Assistance.<sup>42</sup>

*The Secretary of the Treasury should receive at least \$25 million to strengthen the capacities of our international partners in stopping the flow of funds to terrorist organizations.*

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### **Link International Aid to Financial Accountability**

*The United States should encourage international organizations such as the IMF, the World Bank, and appropriate U.N. Agencies to develop and consult a “white list” of financial institutions that value accountability and transparency before making decisions on international aid.*

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## STRENGTHENING ALLIANCES

**F**ighting and winning a global war against the international terrorist threat requires a global anti-terrorist coalition of the kind that came to our side after September 11. Extensive co-operation is needed in the areas of intelligence gathering, law enforcement, international finance and military affairs. Unfortunately, over the past two years the consensus that created this alliance was shattered. Relations with our traditional allies have fallen into a dangerous state of disrepair.

The United States cannot defeat al-Qaeda and like minded groups alone. Bombings from Bali to Istanbul and the rise of al-Qaeda affiliated or independent cells in Europe and Central Asia are proof positive that the threat is pervasive and widespread. To defeat an enemy with a global presence, you need a global alliance. We must isolate al-Qaeda, not ourselves.

Building and strengthening alliances is central to successfully waging and winning the war on terror. The United States must take bold steps to revitalize existing alliances and forge new relationships to build a global alliance to win the war on terror and establish a democratic peace.

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### NATO Expansion

For over fifty years, the North Atlantic Treaty Organization (NATO) has been a cornerstone of American security. The United States founded NATO during the darkest days of the Cold War, to bind together the destinies of democratic peoples in a “one for all and all for one” security pledge. In recent years, NATO has used military force to end the wars in Bosnia and Kosovo and bring peace and stability to the Balkans. Today, NATO stands as an alliance of 26 democracies from Washington to Warsaw, united in preserving the peace.

In the wake of September 11<sup>th</sup>, NATO for the first time invoked “Article 5” of the Treaty, which meant that the attack against the United States was considered an attack against all members. The United States must take the lead in accepting this assistance and work to transform what was a creation of the Cold War into the foundation of our global coalition against Al-Qaeda.

*To secure the gains of the emerging democracies of Eastern Europe and extend the zone of peace and collective security that comes with NATO membership, the United States should support the expansion of NATO to secure the southeastern flank of the Alliance. Assuming they meet NATO membership criteria, Croatia, Macedonia, and Albania should be brought into the Alliance in 2007. Bosnia, Moldova, and the Ukraine could follow in 2010.*

*If Russia demonstrates a renewed commitment to democratic governance and cooperates in all efforts to inventory, secure and destroy loose nuclear, chemical and biological materials, the United States should consider starting the sponsorship process for Russian membership in NATO in 2014.*

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## **Support a United Europe**

Development of the European Union has been encouraged by the United States as a way to bind together the nations of Europe whose conflicts twice in the 20<sup>th</sup> century unleashed war upon the world. It has been, and still remains, in America's strategic interest to support European integration. The United States will ultimately be better off if the European Union emerges as a responsible center of power, shouldering its fair share of responsibility for security and stability in an uncertain world.<sup>43</sup>

*The United States should support and encourage the integration of Turkey and the Balkans into the European Union. This would send a powerful message to the world, that the seventy million Muslim citizens of Turkey, Bosnia, Kosovo, and Albania will be welcomed into the zone of peace and prosperity that is the European Union.*

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## **Maintain Support for Kosovo and Bosnia**

Twice in the 1990's, the United States led an international coalition to save two Muslim peoples from the scourge of war and genocide. Today, there are some who would end the US commitment to these two lands.

*The United States should maintain its military presence and increase its level of material support for the people and governments of Kosovo and Bosnia.*

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